

# News from Ed Markey

**United States Congress****Massachusetts Seventh District****FOR IMMEDIATE RELEASE****July, 25, 2001****CONTACT: David Moulton****(202) 225-2836**

## **BIG OIL ATE MY TAX REBATE**

***Markey analysis shows that majority of Republican tax rebate goes to increased energy costs***

**WASHINGTON, D.C.** -- Congressman Edward J. Markey (D-MA), a senior Democratic Member of the House Energy and Commerce Committee and the House Resources Committee, today released an analysis showing that the average American family who receives the maximum tax rebate of \$600 will have to send 74% – 96% of their check right back to big oil and gas companies. The analysis was based on data collected by the Energy Information Administration.

“The American public might as well endorse their tax rebate checks directly to big oil and gas companies,” said Rep. Markey, “because there won’t be much left once they pay their energy bills.”

The analysis compared the cost of regular gasoline for the first 6 months of 2001 to the average cost for the 5 year period that ended in December, 2000, the cost of heating oil for the 2000/2001 winter heating season to that of 1999/2000, and the cost of residential natural gas for the 2000/2001 winter heating season to that of 1999/2000 to find that:

Americans are on track to spend an additional \$229.80 on gasoline in 2001 as compared to the average cost of gasoline during the five year period that ended in December, 2000.

Americans who use heating oil spent an additional \$214.50 for the 2000/2001 heating season than they did in 1999/2000.

Americans who use natural gas spent an additional \$349.01 for the 2000/2001 heating season than they did in 1999/2000.

**This means that the average American family who gets the maximum tax rebate of \$600 will be sending 74% – 96% of their check right back to big oil and gas companies!**

“This is yet another example of Republican indifference to the energy problems facing America,” said Rep. Markey. “Instead of taking meaningful steps to lower energy costs, Republicans have instead passed a tax bill that will require all rebates to be sent to big oil and gas companies, many of which are based in Texas, and proposed an energy bill that allows for the destruction of public lands and gives tens of billions of dollars in **additional** subsidies to the same big oil and gas companies.”

Average annual gasoline costs from 1996-2000	\$1041.33
Projected 2001 gasoline costs	\$1271.13
Additional gasoline costs in 2001	\$229.80
Average heating oil costs for the 1999/2000 heating season	\$1031.25
Average heating oil costs for the 2000/2001 heating season	\$1245.75
Additional heating oil costs for 2000/2001 heating season	\$214.50

Average residential natural gas costs for the 1999/2000 heating season	\$558.01
Average residential natural gas costs for the 2000/2001 heating season	\$907.02
Additional natural gas costs for 2000/2001 heating season	\$349.01
Total additional 2001 energy costs (gasoline + heating oil)	\$444.30
Total additional 2001 energy costs (gasoline + natural gas)	\$578.81

## Sources, Assumptions, and Outline of Analysis

### I. Gasoline costs

**Sources:** (a) U.S. DOT, Automotive Fuel Economy Program Annual Update Calendar Year 2000 (b) EIA, Retail Gasoline Historical Prices (c) EIA, 1994 Residential Transportation Energy Consumption Survey.

**Assumptions:** The analysis assumed that the price of regular gasoline for the last 6 months of 2001 would be the same as that for the first 6 months. The average family's annual vehicle miles traveled is stated to be 21,100 miles in (c), but has probably increased since 1994. It therefore provides a conservative estimate.

#### Outline:

For the five year period that ended in December, 2000, the average price of regular gasoline was \$1.219/gallon (b)

In the first 6 months of 2001 (ending 7/16/01), regular gasoline prices averaged \$1.488/gallon (b)

The average fuel economy for the combined fleet for the last 5 years was 24.7 mpg (a)

Cost of gasoline to average family from 1996-2000:  $(21,100\text{miles})(\$1.219/\text{gallon})/(24.7\text{miles/gallon}) = \$1041.33$

Cost of gasoline to average family in 2001:  $(21,100\text{miles})(\$1.488/\text{gallon})/(24.7\text{miles/gallon}) = \$1271.13$

Difference: \$229.80

### II. Heating oil costs

**Sources:** (a) EIA, Residential Heating Oil Prices: What Consumers Should Know (b) EIA, Weekly Petroleum Status Report (c) CRS, U.S. Home Heating Oil Price and Supply During Winter 2000-2001: Policy Options, January 2001.

**Assumptions:** Source (b) estimated that the average family uses 650-1000 gallons of heating oil each winter. This analysis assumed the average value of 825 gallons.

#### Outline:

The average price for residential heating oil was \$1.25/gallon for the 1999/2000 heating season (b)

The average price for residential heating oil was \$1.51/gallon for the 2000/2001 heating season (b, and c)

Cost of heating oil to average family in 1999/2000 was  $(825\text{gallons/year})(\$1.25/\text{gallon}) = \$1031.25$

Cost of heating oil to average family in 2000/2001 was  $(825\text{gallons/year})(\$1.51/\text{gallon}) = \$1245.75$

Difference: \$214.50

### III. Natural gas costs

**Sources:** (a) EIA, Residential Natural Gas Prices: What Consumers Should Know, January 2001 (b) EIA, Natural Gas Monthly June 2001.

**Assumptions:** The household usage data for the 2000/2001 heating season was in part a projection from (a), which was published in January 2001. However, the ratio of the (1999/2000 actual household usage) to the (2000/2001 projected household usage) is identical to the ratio of (1999/2000 actual EIA #s for TOTAL residential usage) to (2000/2001 actual EIA #s for TOTAL residential usage). The average household usage projection therefore seems reasonable.

#### Outline:

The average residential price of natural gas for the 1999/2000 heating season was \$6.83/thousand cubic feet (b)

The average residential price of natural gas for the 2000/2001 heating season was \$9.37/thousand cubic feet (b)

The average household used 81.7 thousand cubic feet of natural gas during the 1999/2000 heating season (a)

The average household used 96.8 thousand cubic feet of natural gas during the 2000/2001 heating season (a, and see assumption)

Cost of natural gas to average household from for the 1999/2000 heating season was (81.7 thousand cubic feet) (\$6.83/thousand cubic feet) = \$558.01

Cost of natural gas to average household for the 2000/2001 heating season was (96.8 thousand cubic feet) (\$9.37/thousand cubic feet) = \$907.02

Difference = \$349.01

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